

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
REID VILLAGE WATER DISTRICT) CASE NO. 9776

O R D E R

On December 3, 1986, Reid Village Water District ("Reid Village") filed its revised tariffs with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. Reid Village's supplier, City of Mt. Sterling, notified Reid Village that the wholesale rates for purchased water would be increased effective January 1, 1987.

2. Reid Village proposes to adjust the rates to its customers effective January 1, 1987.

3. Reid Village purchased 40,276,425 gallons of water during the 12-month period ending August 31, 1986, and sold 39,281,350 gallons.

4. The calculations made by Reid Village are incorrect in that they are based on an average month's consumption and average cost per 1,000 gallons rather than the cost of the actual purchases for the 12-month period computed through the rate schedule.

5. The correct increase in purchased water costs, as shown by the calculations in Appendix B, is \$13,461 resulting in a purchased water adjustment of \$.33 per 1,000 gallons.

6. The rates proposed by Reid Village were also rounded upward to the nearest nickel. 807 KAR 5:068 provides for recovery of the "actual increase" in purchased water costs and that the purchased water adjustment factor determined by the prescribed method is to be added to the rates on a per unit basis. Reid Village may not, therefore, charge rates that differ from those which result after application of the correct purchased water adjustment factor.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Reid Village are hereby denied.
2. The rates in Appendix A are approved for services rendered on and after January 1, 1987.
3. Within 30 days of the date of this Order, Reid Village shall file its revised tariff sheets setting out the rates approved herein.
4. Within 30 days of the date of this Order, Reid Village shall file with the Commission a copy of its notice to its customers and proof that such notice has been given.

Done at Frankfort, Kentucky, this 23rd day of December, 1986.

PUBLIC SERVICE COMMISSION

ATTEST:

Executive Director

Richard D. Herman
Chairman
Karl H. [Signature]
Vice Chairman
Spencer H. [Signature]
Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9776 DATED 12/23/86

The following rates and charges are prescribed for the customers in the area served by Reid Village Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>USAGE BLOCKS</u>	<u>MONTHLY RATE</u>
First 2,000 gallons	\$8.46 Minimum
Over 2,000 gallons	1.48 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9776 DATED 12/23/86

CALCULATION OF PURCHASED WATER ADJUSTMENT

Volume Purchased: 40,276,425 gallons or 5,384,549 cubic feet
Volume Sold: 39,281,350 gallons

Cost at changed rates:

First	100 c.f. x 12 =	1,200 c.f. \$ 3.65 Minimum x 12 mo. =	\$43.80
Next	600 c.f. x 12 =	7,200 c.f. x 1.65 per c.c.f. =	118.80
Next	1,300 c.f. x 12 =	15,600 c.f. x 1.60 per c.c.f. =	249.60
Next	1,300 c.f. x 12 =	15,600 c.f. x 1.45 per c.c.f. =	226.20
Next	3,400 c.f. x 12 =	40,800 c.f. x 1.25 per c.c.f. =	510.00
Next	6,600 c.f. x 12 =	79,200 c.f. x 1.05 per c.c.f. =	831.60
Next	13,300 c.f. x 12 =	159,600 c.f. x .85 per c.c.f. =	1,356.60
Next	26,700 c.f. x 12 =	320,400 c.f. x .80 per c.c.f. =	2,563.20
Over	53,300 c.f. x 12 =	4,744,949 c.f. x .75 per c.c.f. =	35,587.12
		<u>5,384,549 c.f.</u>	<u>\$41,486.92</u>

Cost at base rates:

First	100 c.f. x 12 =	1,200 c.f. \$ 3.40 Minimum x 12 mo. =	\$40.80
Next	600 c.f. x 12 =	7,200 c.f. x 1.40 per c.c.f. =	100.80
Next	1,300 c.f. x 12 =	15,600 c.f. x 1.35 per c.c.f. =	210.60
Next	1,300 c.f. x 12 =	15,600 c.f. x 1.20 per c.c.f. =	187.20
Next	3,400 c.f. x 12 =	40,800 c.f. x 1.00 per c.c.f. =	408.00
Next	6,600 c.f. x 12 =	79,200 c.f. x .80 per c.c.f. =	633.60
Next	13,300 c.f. x 12 =	159,600 c.f. x .60 per c.c.f. =	957.60
Next	26,700 c.f. x 12 =	320,400 c.f. x .55 per c.c.f. =	1,762.20
Over	53,300 c.f. x 12 =	4,744,949 c.f. x .50 per c.c.f. =	23,724.75
		<u>5,384,549 c.f.</u>	<u>\$28,025.55</u>

Cost at changed rates: \$41,486.92

Less

Cost at base rates: 28,025.55

Increase \$13,461.37

\$13,461.37 ÷ 40,276.425 m. gallons = \$.33 per 1,000 gallons